



HEI-TRAIN. HEI Transformation for
Entrepreneurship and AI-Driven Innovation



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Driven Strategies for Innovation and Competitive Market Positioning

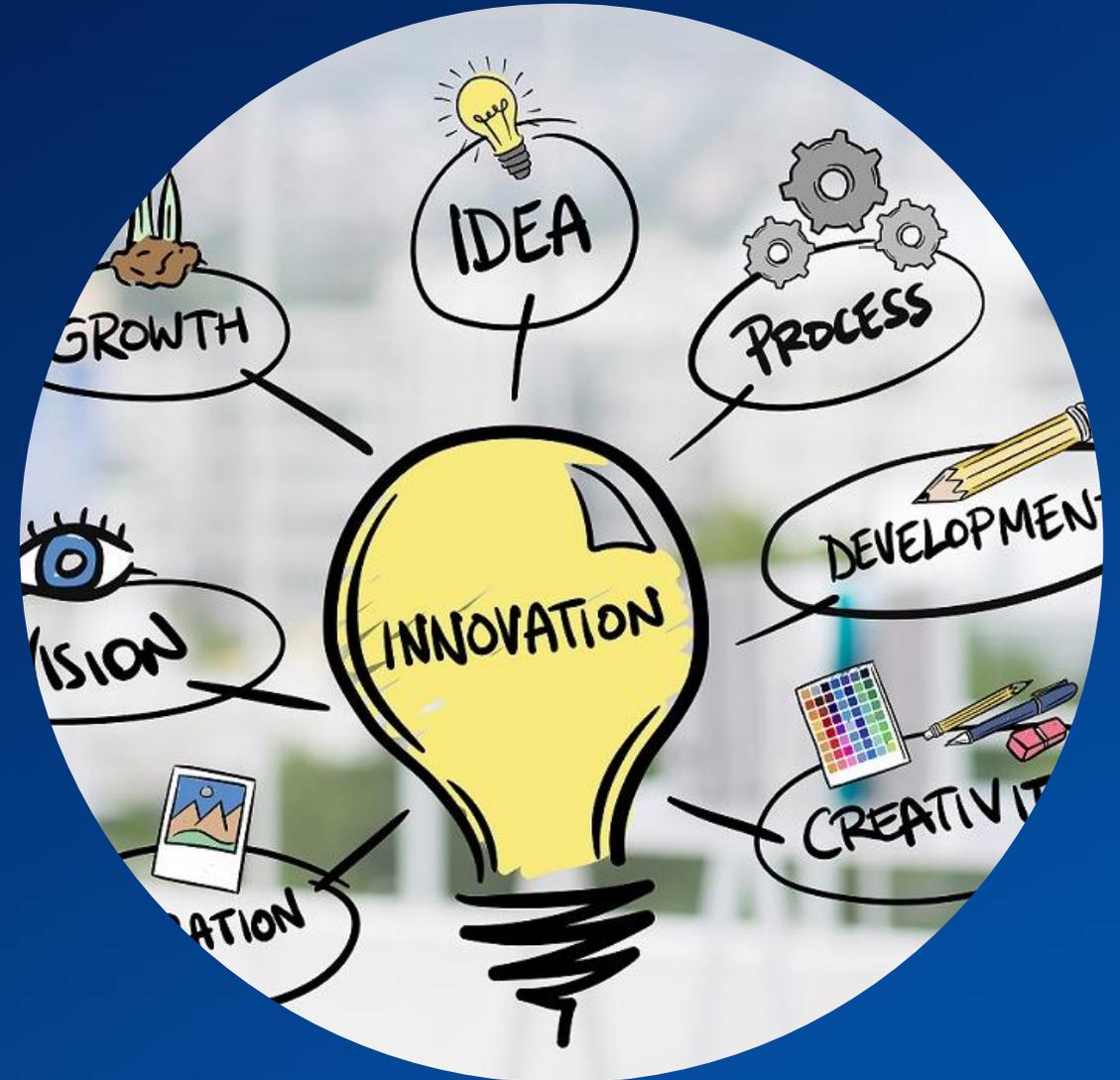
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TOPICS OF THE DAY

1. Introduction: The Role of Innovation in Strategy
2. Differentiation Through Innovation (Porter, Kotler)
3. Blue Ocean Strategy (Kim & Mauborgne)
4. Disruptive Innovation Strategy (Christensen)
5. Open Innovation Ecosystem (Chesbrough)
6. Sustainability-Driven Innovation (Prahalad et al.)
7. Red Ocean vs. Blue Ocean Comparison
8. Strategy Summary Table & Key Examples





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"What's the first thing you think of when you hear the word 'innovation'?
Robots? Startups? Something expensive?
Or maybe... an Excel formula that saves you 4 hours a week?"



The most common answer:

- Technology.
- New technology.
- Something digital.



1. INNOVATION – SIMPLY EXPLAINED

Innovation = a new way of creating value.

It's not just about technology or inventions. It can be:

- **Product innovation** – new or improved offerings.
- **Process innovation** – doing things faster, cheaper, smarter.
- **Business model innovation** – changing how value is captured.
- **Experience innovation** – enhancing how people feel about an interaction.



1. IKEA – TURNING ASSEMBLY INTO A GAME

IKEA hired **LEGO designers** to help redesign their visual furniture assembly manuals.

No text, just illustrations – like a puzzle or game.

Why is this innovation?

It didn't change the product – it changed the **user experience.**

A New IKEA and LEGO Collab Lets You Build Iconic Furniture Without an Allen Key



15 APRIL, 2021
by LAURA ROSCIOLI



2. DOMINO'S PIZZA – THE ONE-CLICK PIZZA BUTTON

Domino's launched a physical "Easy Order" button you could stick on your fridge.

- Press once – your favorite pizza is ordered.

Why is this innovation?

- It reinvented the ordering process, not the pizza.

BUSINESS INSIDER

Domino's has launched a physical button you push to order pizza

By [Lara O'Reilly](#)

Nov 23, 2015, 4:32 PM EET

[Share](#) [Save](#)

Domino's is attempting to make the act of ordering pizza even simpler/lazier with the launch of its "The Easy Order" button.



Push and the pizza is on its way. Domino's

AD

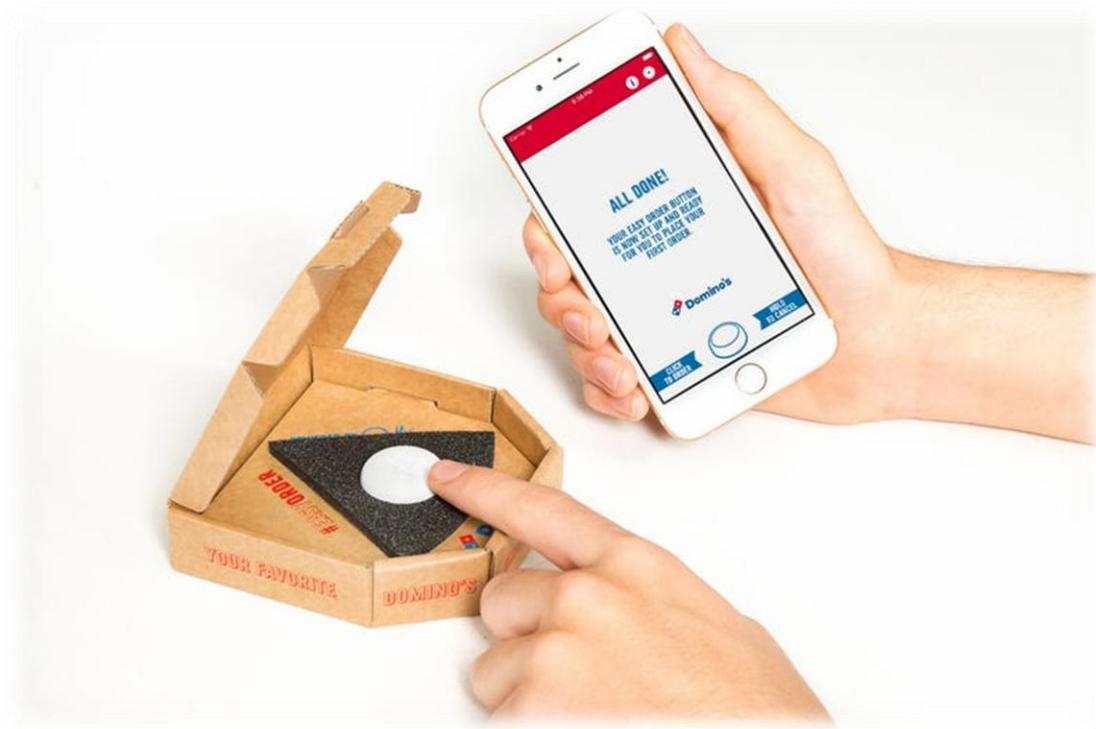
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Why this ad? ▾

The button, which looks like a miniature pizza box, works by connecting to the Domino's app via Bluetooth. Customers must register their details, including their name, address, and favorite order, and the pizza will be on its way every time they press the button, which is powered by technology company FLIC.

Simon Wallis, sales and marketing director at Domino's Pizza Group, said: "The Domino's app has been downloaded more than 10 million times, and 75% of our orders are now online.



3. NIKE – HANDS-FREE FLYEASE SHOES

Designed for people with disabilities but loved by everyone, Nike's FlyEase line allows you to put on shoes without using your hands.

Why is this innovation?

It combined empathy with smart design and had mass-market appeal.



4. AIR NEW ZEALAND – SAFETY VIDEOS WITH HOBBITS

Air New Zealand turned boring flight safety videos into full-blown **'Lord of the Rings'** style mini-movies, complete with elves, wizards, and hobbits.

Why is this innovation?

They added **entertainment to a mandatory process**, boosting attention and brand love.

☰ CNN travel Destinations Food & Drink News Stay Video © Wat

Air New Zealand posts new 'Hobbit' safety video

Brandon Griggs, CNN

🕒 1 minute read · Published 4:58 PM EDT, Wed October 22, 2014



An Unexpected Briefing #AirNZSafetyVideo

5. BEN & JERRY'S – QUIRKY FLAVOR INVENTIONS

They launched flavors like “Netflix & Chill’d,”
“Phish Food,” and “Americone Dream.”

Why is this innovation?

It’s not just taste – it’s about creating emotion
and brand conversation.





WHAT DOES INNOVATION REALLY MEAN?

Innovation is the development and implementation of new or significantly improved ideas, products, services, processes, or business models that create value.

Not every change is an innovation – for something to be considered innovation, it must deliver measurable value to customers, organizations, or society.

Myth

Innovation = technology

Innovation = invention

Innovation = startups

Innovation = big budgets

Reality

Not only. Innovation also includes services, internal processes, customer experience, etc.

Not necessarily. It can be an improvement or a new application of something existing.

Not exclusively. Governments, schools, manufacturers can all innovate.

Not true. Many impactful innovations start with small-scale experiments.



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INNOVATION ≠ JUST TECHNOLOGY: BROAD FIELDS OF INNOVATION



INNOVATION ≠ JUST TECHNOLOGY: BROAD FIELDS OF INNOVATION

1. PRODUCT INNOVATION

According to the Oslo Manual, innovation falls into four main categories:

The creation or significant improvement of a product or service that offers new features, enhanced performance, or better user value.

Key Points:

- Addresses unmet needs or improves how well existing needs are fulfilled.
- Often combines technology with design or usability.
- Can create market differentiation and enable premium pricing.

Tidd, J., & Bessant, J. (2020). *Managing Innovation: Integrating Technological, Market and Organizational Change*.

OECD/Eurostat (2018). *Oslo Manual: Guidelines for Collecting, Reporting and Using Data on Innovation*.

<https://www.oecd.org/science/oslo-manual-2018-9789264304604-en.htm>



EXAMPLES

Dyson vacuum cleaners
Reinvented airflow mechanics to
improve suction and added sleek
design.

Deep cleans your whole home

With up to 60 minutes of run time², you have the fade free-power to clean here, there and everywhere around your home.



Root Cyclone™ technology

14 scrolled cyclones generate forces of up to 100,000g to capture dust and debris from the airflow, so there's no loss of suction.¹





LEGO expanding into educational and digital tools

Evolved from classic bricks to STEM-focused educational kits and digital platforms (e.g., LEGO Mindstorms).



LEGO education





2. PROCESS INNOVATION

The development or implementation of new or significantly improved production, delivery, or internal workflows.

- Key Points:
- Focuses on efficiency, speed, or cost reduction.
- Enables scalability and operational advantage.
- Often invisible to customers but critical for competitiveness.

EXAMPLES

Programs ▾

Platform

Consulting

Pricing

Resources ▾

Talk to us

Zara: Agile production model reduces time-to-market from months to weeks.

What are Zara's Strategies?



In the 1980s Zara disrupts the fashion industry by radically reconfiguring the supply chain and creating the fast-fashion category. It is able to almost instantly react to fashion trends by vertically integrating its supply chain.

Zara is a global fashion retailer whose success stems from its ability to reduce lead times and react to trends almost instantaneously. Zara is owned by Inditex, the world's biggest fashion group.

The company was not afraid to go against conventional wisdom, vertically integrate its supply chain, and move its production to Europe (near-shoring), while many players in the fashion industry chose to outsource production to lower-cost factories in Asia.



Amazon (Kiva robots): Automated warehouse management for 30% faster order fulfillment.



EXAMPLES

EXOTEC

System

Operations

Industries

Channels

Virtual Tour

Case Studies

Insights

CONTACT

How Amazon Robotics Changed the Landscape of Fulfillment

November 22, 2024

Amazon has had a transformative impact on consumer behavior, business practices, and market dynamics—a phenomenon often referred to as the “Amazon Effect.” At the core of this influence lies Amazon’s commitment to innovation in e-commerce, logistics, and customer service. By setting new standards for fast delivery, extensive product selection, and seamless shopping experiences, Amazon has fundamentally reshaped customer expectations and forced businesses across various industries to adapt quickly or risk falling behind.



3. ORGANIZATIONAL INNOVATION

The adoption of new practices in organizational structure, workplace culture, decision-making, or human resource management.

Key Points:

- Encourages agility, autonomy, and collaboration.
- Often supports other types of innovation by improving how teams operate.
- Can lead to higher employee engagement and accountability.



EXAMPLES

Spotify: Uses "squads" (mini-startups within teams) to foster innovation and ownership.



Squad

- "Feel like a mini-startup"
- Self-organizing
- Cross-functional
- 5-7 engineers, less than 10



4. CUSTOMER EXPERIENCE INNOVATION

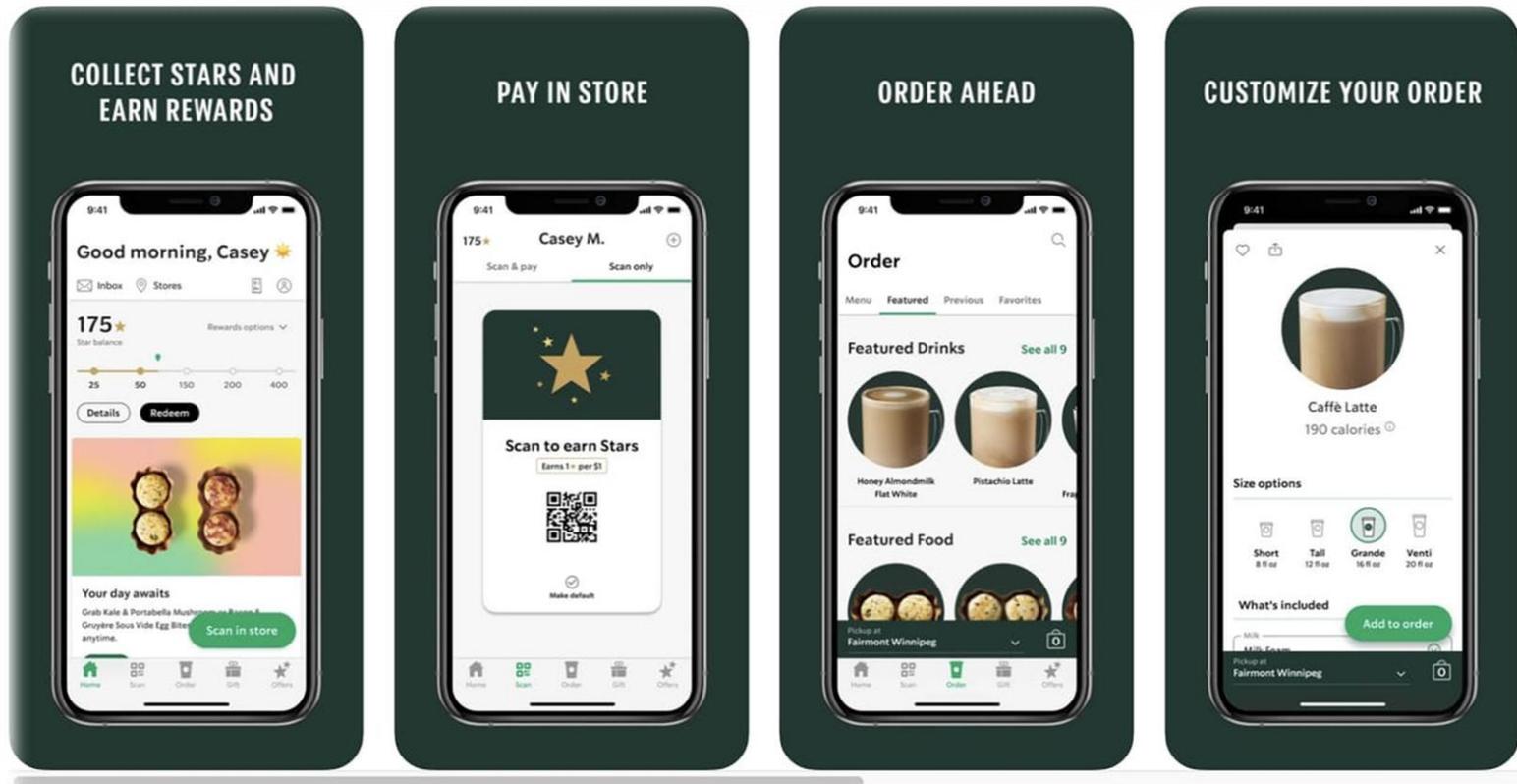
Enhancing how customers interact with or perceive a product, service, or brand.

Key Points:

- Improves ease, delight, personalization, or emotional connection.
- Often the most visible form of innovation for users.
- Can increase loyalty, referrals, and brand equity.

EXAMPLES

Starbucks mobile ordering:
Saves time and feels
personal with names on
orders.





EXAMPLES

Disney's MagicBand: one device for everything—entry, payment, hotel access—creating a frictionless park experience.





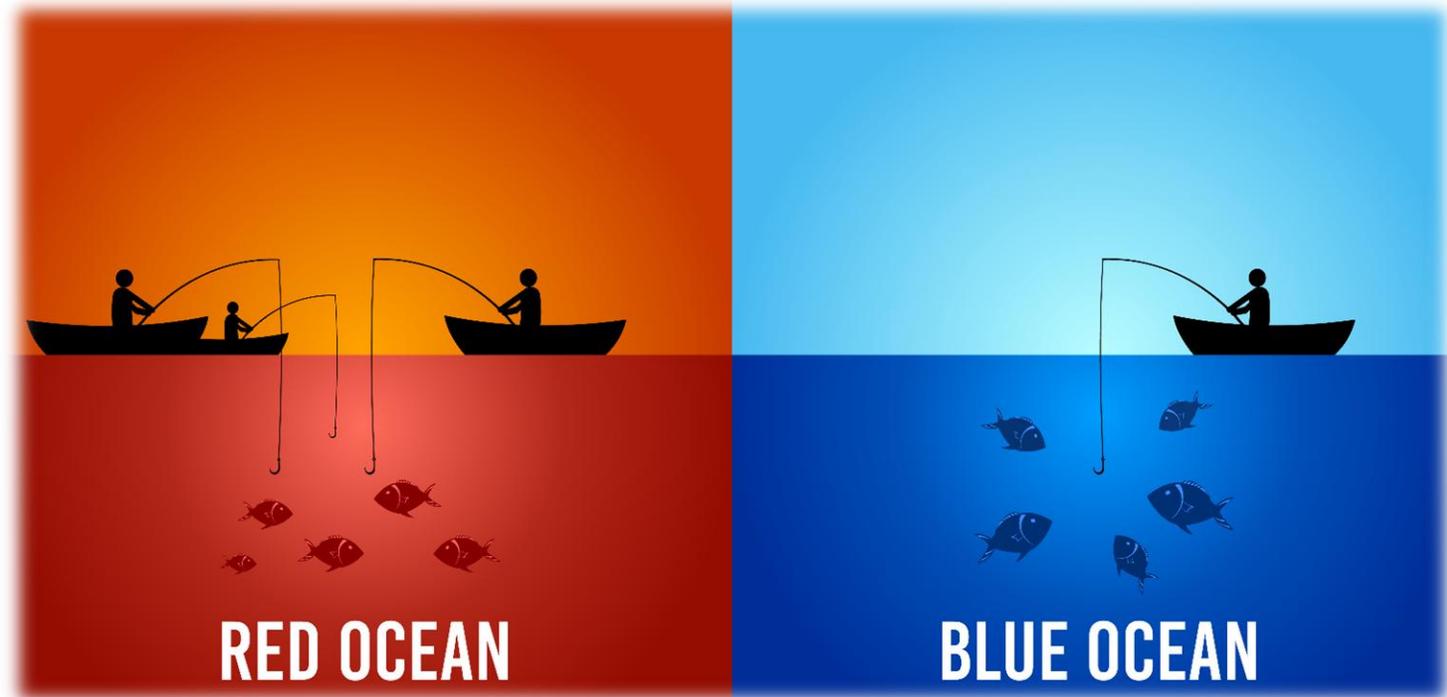
THE ROLE OF INNOVATION IN MODERN COMPETITIVE STRATEGY

Why Innovation is a necessity, not a Luxury?

- Markets shift fast – what works today may be obsolete tomorrow.
- Customer expectations are constantly evolving.
- Competitors are global – and often unexpected.

RED OCEAN VS. BLUE OCEAN STRATEGIES: COMPETING VS. CREATING

Developed by W. Chan Kim & Renée Mauborgne, the Blue Ocean Strategy framework helps organizations escape saturated markets by creating new demand, instead of fighting over existing demand.





RED OCEAN STRATEGY

Definition: Competing in existing markets by outperforming rivals and capturing a bigger share of current demand.

Key elements:

- Compete in known market space → Industry boundaries are defined and accepted.
- Beat the competition → Success = outperforming others on price, quality, speed.
- Exploit existing demand → Growth comes from taking market share from others.
- Align the company with differentiation or low cost → Most companies must choose one, rarely both.

Consequences:

- Market becomes crowded and commoditized.
- Profit margins shrink.
- Innovations tend to be incremental, not transformative.



BLUE OCEAN STRATEGY

Definition: Creating new, uncontested market space by unlocking new demand and making the competition irrelevant.

Key Characteristics:

- Create new market space → Focus on innovation that generates demand in new segments or needs.
- Make the competition irrelevant → Don't fight—change the rules of the game.
- Create and capture new demand
- → Attract non-customers or redefine value.
- Break the value-cost trade-off → Achieve both differentiation and low cost.

Results:

- Less price pressure.
- First-mover advantage.
- Higher customer loyalty due to unique value.



COMPARATIVE TABLE OF STRATEGIES

<u>Strategy Type</u>	<u>Red Ocean</u>	<u>Blue Ocean</u>
Market Focus	Existing industries	Uncontested/new markets
Strategy Goal	Beat the competition	Make the competition irrelevant
Demand Logic	Fight over existing customers	Create new demand
Innovation Type	Incremental	Transformational
Value Strategy	Choose: low cost <i>or</i> differentiation	Achieve both: low cost <i>and</i> differentiation

Tidd & Bessant (2020). Managing Innovation
Harvard Business Review: "Blue Ocean Leadership"
McKinsey (2021). Innovation & Growth Insights



BLUE OCEAN EXAMPLES

Cirque du Soleil

Created a new space: circus + theatre for adults, removed animals, added art.

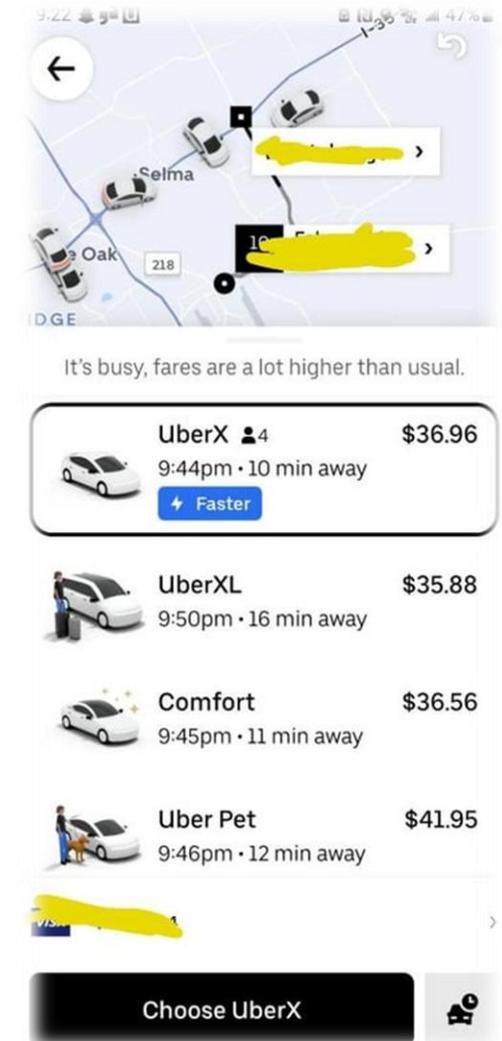




BLUE OCEAN EXAMPLES

Uber (early years)

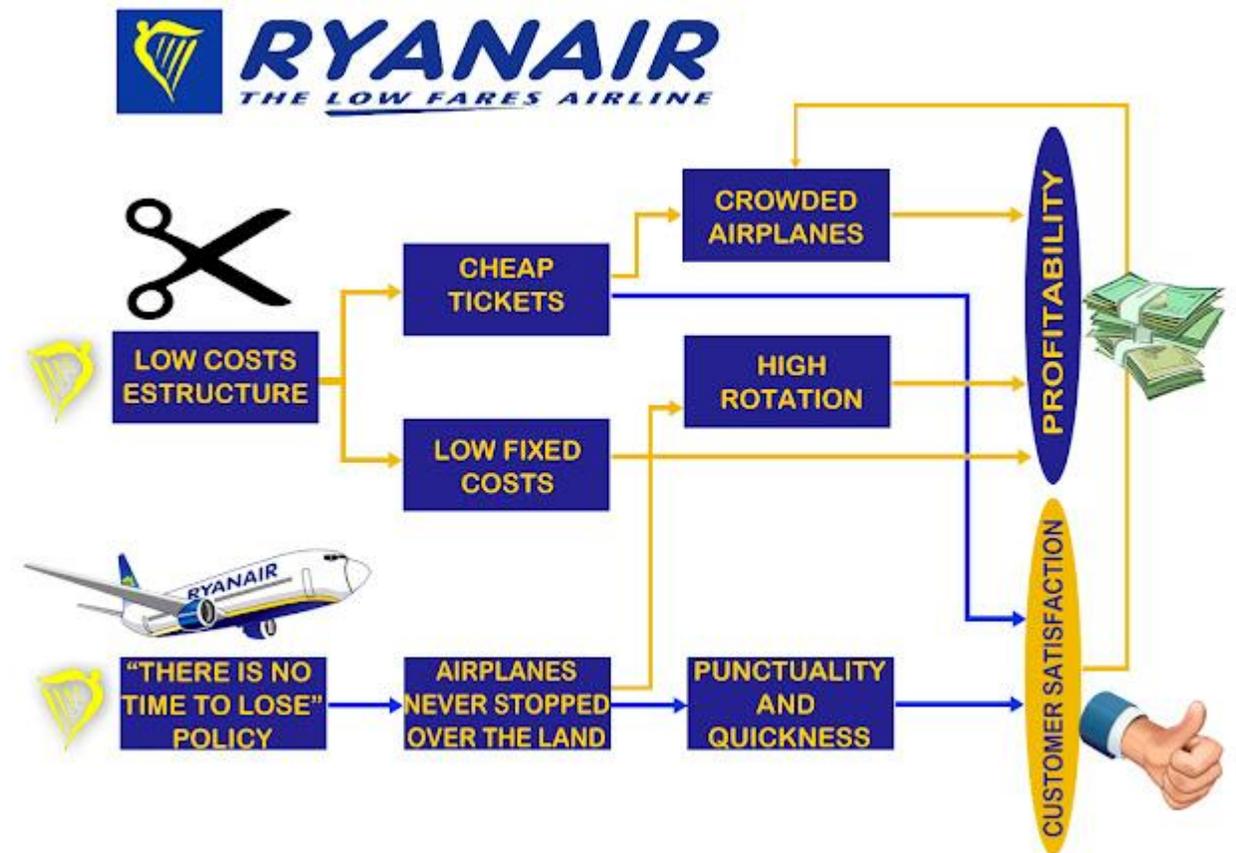
Redefined urban transport – not a taxi,
not a rental car



RED OCEAN EXAMPLES

Ryanair

Lowest cost airline model; heavy
price competition



RED OCEAN EXAMPLES

Zara

Fast fashion; competes on speed, price, trendiness in an existing crowded market

The Fast Fashion Phenomenon





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HOW DO YOU UNDERSTAND „SEGMENTATION“?

MARKET SEGMENTATION

... is the process of dividing a broad market into distinct groups (segments) of consumers who share similar characteristics or needs, allowing businesses to develop targeted marketing strategies that best suit each segment.

Why is segmentation important?

By understanding these segmentation criteria, businesses can create more personalized marketing campaigns, improve customer engagement, and optimize sales strategies.



KEY MARKET SEGMENTATION CRITERIA

- **Geographic Segmentation** – Based on location factors like climate, city size, population density, and region.
- **Demographic Segmentation** – Includes age, gender, income, family size, education, occupation, and social class.
- **Psychographic Segmentation** – Focuses on lifestyle, personality traits, and values.
- **Behavioral Segmentation** – Based on consumer behavior, such as purchase motives, brand loyalty, and usage frequency.



MARKET SEGMENTATION EXAMPLE: MCDONALD'S

Geographic Segmentation – Adapts menu based on location.

Example: McSpicy Paneer (India), Teriyaki Burger (Japan), McArabia (Middle East).

Demographic Segmentation – Targets different age groups and income levels.

Example: Happy Meal (kids), budget meals (students), premium burgers (professionals).

Psychographic Segmentation – Caters to lifestyle preferences.

Example: Healthy options (salads, plant-based burgers) for health-conscious consumers.

Behavioral Segmentation – Focuses on customer loyalty and buying habits.

Example: Mobile app rewards, seasonal promotions, drive-thru discounts.

Takeaway: McDonald's customizes its products and marketing strategies based on regional, age, lifestyle, and purchasing behaviors, ensuring global success.





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TYPES OF FAMILY STRUCTURES

- Couples – Two individuals in a romantic relationship, but not necessarily living together.
- Cohabiting Partners – A couple living together without formal marriage.
- Married Couples – Legally married partners, with or without children.
- Married with Children – A legally married couple raising one or more children together.
- Single Parent – A single individual raising children alone.
- Single Parent with Pet – A single parent who also has a pet as part of the family.





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HOW DO YOU UNDERSTAND
WHAT „POSITIONING“?



POSITIONING

Product positioning is the strategic process of defining how a product should be perceived in the target market to differentiate it from competitors and establish a unique place in consumers' minds. This involves identifying the product's features, benefits, and unique selling points, then effectively communicating them to the target audience.

“The process that defines how your product is the leader at delivering something that a well-defined set of customers cares a lot about.” Dunford (2020)



KEY ASPECTS OF MARKETING POSITIONING

- **Differentiation:** Highlighting unique features or benefits that set the brand apart from competitors.
- **Target Audience:** Identifying and understanding the specific consumer segment the brand aims to serve.
- **Value Proposition:** Communicating the primary benefit or value the brand offers to its customers.
- **Competitive Analysis:** Assessing competitors to find gaps or opportunities in the market.
- **Consistency:** Ensuring all marketing efforts align with the established position to maintain a coherent brand image.





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1. DIFFERENTIATION THROUGH INNOVATION

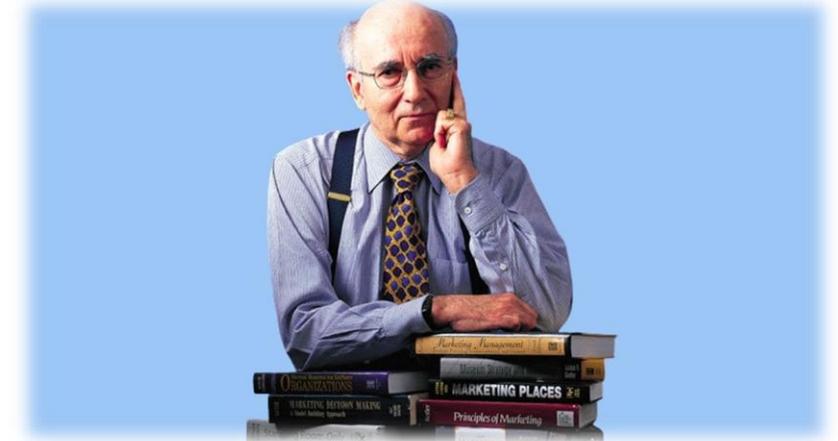
Use innovation to create unique value that sets the offering apart in the eyes of customers. Focus is on "being different", not just better.

Key elements:

- Offer features, design, or experience no competitor can match.
- Focus on emotional, experiential, or brand-based differentiation.
- Innovation becomes a strategic brand asset.



INNOVATION POSITIONING STRATEGIES (BASED ON KIM & MAUBORGNE, TIDD & BESSANT, KOTLER, AND OTHERS)





EXAMPLES

Apple – positions its products as premium, design-driven, and seamlessly integrated, even when specs are comparable to competitors.

WHO IS APPLE TARGET AUDIENCE?





2. BLUE OCEAN POSITIONING

Position innovation in new, uncontested market space where competition is irrelevant and demand is newly created.

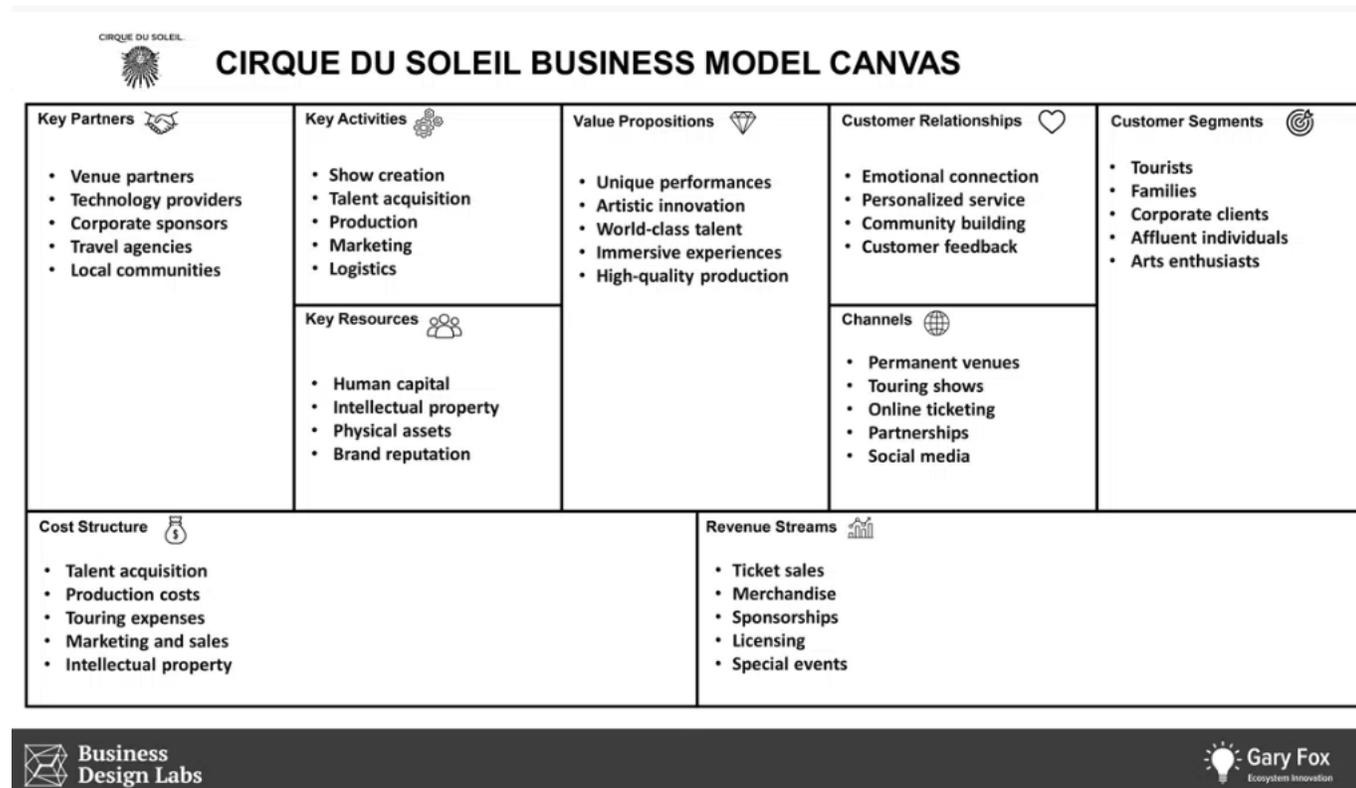
Key elements:

- Redefine value propositions and target non-customers.
- Focus on eliminating, reducing, raising, and creating (the ERRC grid).
- Deliver both low cost and high differentiation.



EXAMPLES

Cirque du Soleil – eliminated animals
and added theatrical artistry,
creating a new category between
circus and theater.





3. DISRUPTIVE INNOVATION STRATEGY

Innovate by introducing simpler, cheaper, more accessible solutions that initially target underserved or low-end market segments – and then move upward to disrupt incumbents.

Key elements:

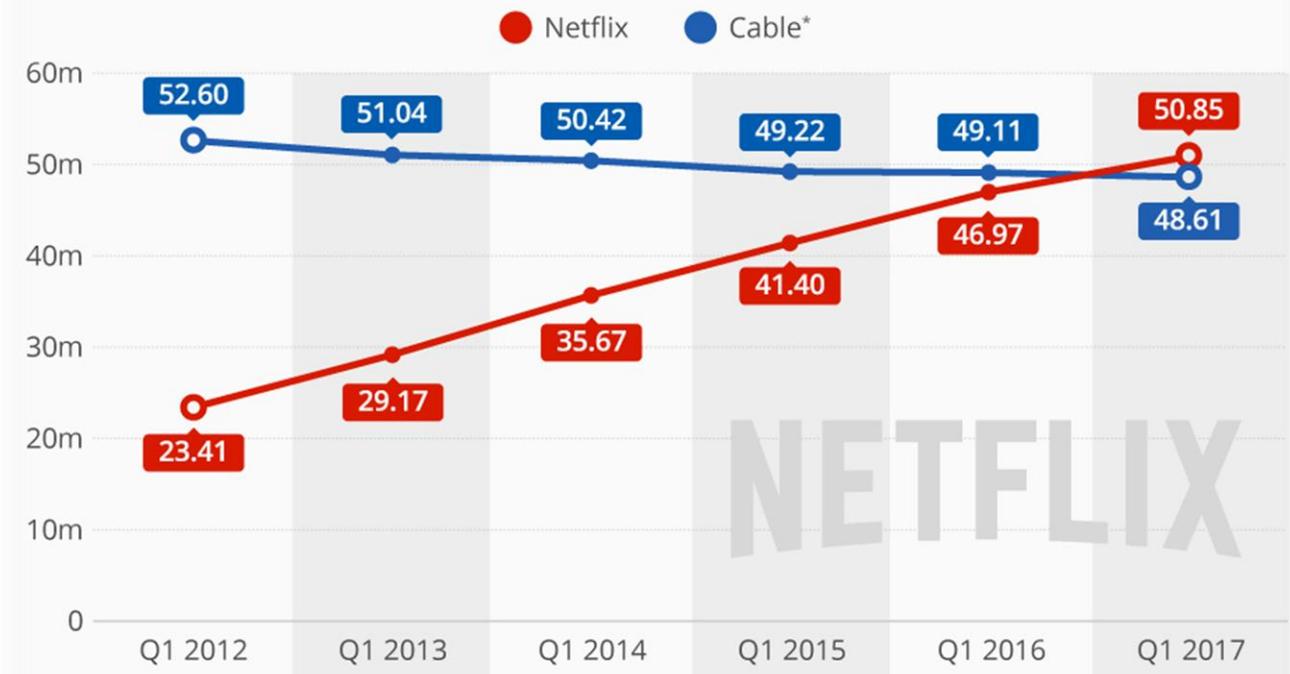
- Innovation starts as “inferior” in mainstream terms but improves over time.
- Focus is on market accessibility and affordability.
- Long-term positioning is based on redefining value and expectations.

EXAMPLES

Netflix (vs. Blockbuster) – started with DVD mail rentals, then moved into streaming and content production.

Netflix Surpasses Major Cable Providers in the U.S.

Number of Netflix subscribers vs. cable pay-TV subscribers in the U.S. (in millions)





4. OPEN INNOVATION ECOSYSTEM POSITIONING

Position your organization as an innovation platform or hub, leveraging external knowledge and collaboration to co-create value.

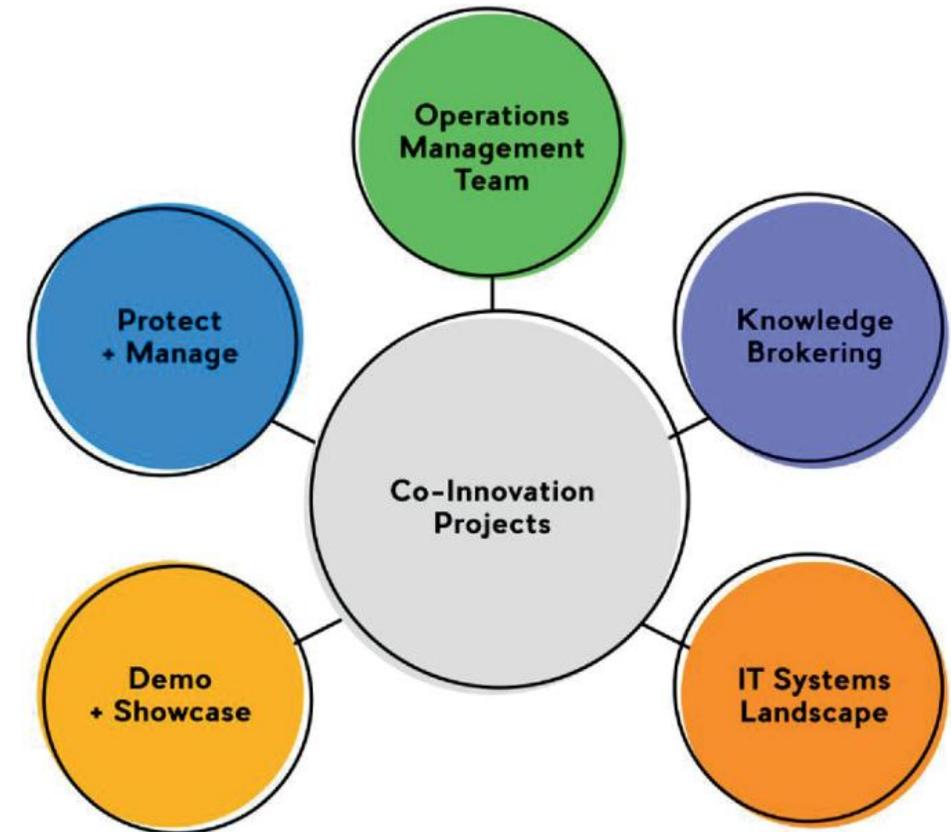
Key elements:

- Innovation is not limited to internal R&D.
- Positioning depends on ability to attract partners, startups, customers into your ecosystem.
- Value is generated collectively, not individually.



EXAMPLES

Intel or SAP – foster developer ecosystems and innovation platforms that add external value to their core products.



https://link.springer.com/chapter/10.1007/978-3-030-75977-3_3

<https://community.sap.com/t5/enterprise-resource-planning-blog-posts-by-sap/co-innovation-as-a-service-a-reflection-on-sap-co-innovation-lab/ba-p/13347509>



5. SUSTAINABILITY-DRIVEN INNOVATION POSITIONING

Position innovation as a tool to solve environmental or social problems, aligning with sustainable development goals (SDGs) and consumer values.

Key elements:

- Innovations address ecological impact, ethics, and long-term societal value.
- Strengthens brand reputation, trust, and emotional engagement.
- Customers choose based not only on product – but purpose.

Nidumolu, R., Prahalad, C. K., & Rangaswami, M. R. (2009). “Why Sustainability Is Now the Key Driver of Innovation,” Harvard Business Review



EXAMPLES

Patagonia – positions its brand around sustainable materials, repairability, and environmental activism.

WHO IS PATAGONIA TARGET AUDIENCE?





POSITIONING ACCORDING TO MICHAEL PORTER: COMPETING ON STRATEGY, NOT JUST INNOVATION





PORTER'S CORE IDEA: YOU CAN'T BE EVERYTHING TO EVERYONE

Michael Porter argued that **sustainable competitive advantage comes from making clear strategic choices**, not from trying to please everyone or doing everything better.

In terms of innovation, this means:

- Not all innovations create strategic advantage.
- Innovation must be aligned with your chosen strategic position.



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PORTER'S THREE GENERIC COMPETITIVE STRATEGIES



1. COST LEADERSHIP + INNOVATION

Use innovation to reduce costs, streamline processes, and scale efficiently.

Key innovations are internal: logistics, automation, lean systems.

Amazon – continuous investment in logistics and AI for cost and speed advantage.



2. DIFFERENTIATION + INNOVATION

Use innovation to create unique value propositions – in design, quality, features, or brand experience.

Justifies higher pricing and builds brand loyalty.

Dyson – combines engineering breakthroughs with high-end design.



3. FOCUS STRATEGY + INNOVATION

Innovate for a very specific target group or use case.

Often uses deep customer insight or personalization.

GoPro – innovated for extreme sports users, not general consumers.



SUMMARY FROM PORTER FOR INNOVATION POSITIONING

- Innovation is not a strategy — it must serve a strategy.
- Choose your lane: **cost, uniqueness, or focus** — and innovate within that logic.
- Sustainable innovation creates **value the competition can't easily copy.**



INSTEAD OF SUMMARY

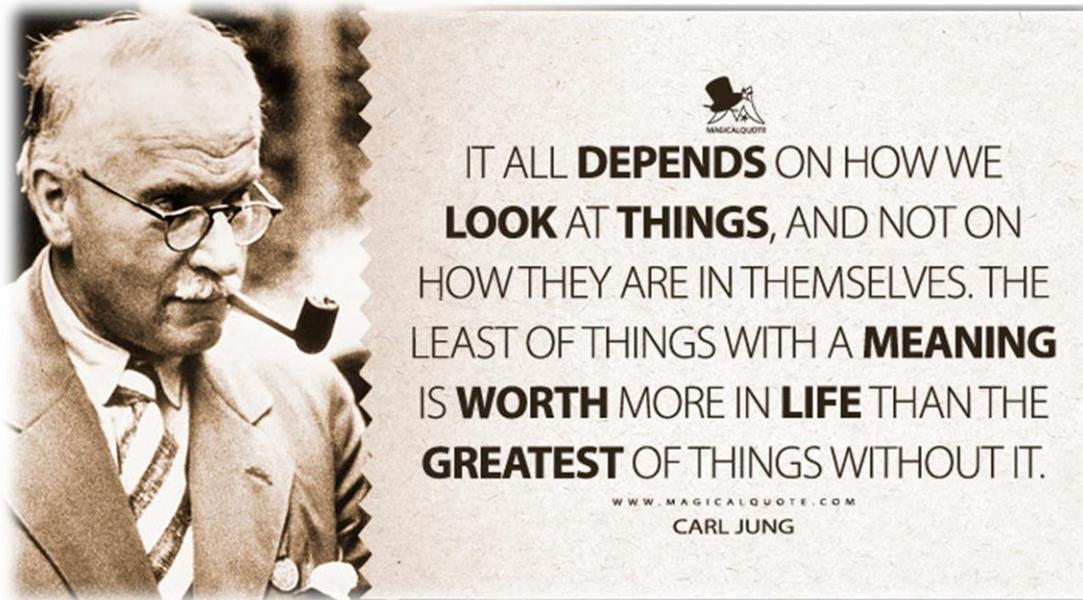
Innovation is no longer a luxury reserved for tech giants or Silicon Valley companies. It is a **strategic compass for every organization** seeking to stay relevant, grow, and survive in crowded markets.

From Porter's classic positioning to Christensen's revolutionary rebels and Blue Ocean researchers, we see one clear message:

Those who dare to think differently and act strategically can compete. They redefine the rules of the game, which allows them to:

- Stand out (differentiate).
- Escape the sharks (blue ocean strategy).
- Climb from the bottom (disruption).
- Open the door to collaboration (open innovation model).
- Or even save the planet (sustainable innovation model).

PERSPECTIVE OF INNOVATIVE PEOPLE



None of them require a flying car or a
billion-dollar R&D lab.

They start with asking:

**“What if we looked at our value...
differently?”**



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Driven Strategies for Innovation and Competitive Market Positioning

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